

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of:

ELECTRONIC APPLICATION OF KENTUCKY	)	
UTILITIES COMPANY FOR AN ADJUSTMENT	)	
OF ITS ELECTRIC RATES, A CERTIFICATE	)	
OF PUBLIC CONVENIENCE AND NECESSITY	)	CASE NO.
TO DEPLOY ADVANCED METERING	)	2020-00349
INFRASTRUCTURE, APPROVAL OF CERTAIN	)	
REGULATORY AND ACCOUNTING	)	
TREATMENTS, AND ESTABLISHMENT OF A	)	
ONE-YEAR SURCREDIT	)	

ELECTRONIC APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY FOR AN	)	
ADJUSTMENT OF ITS ELECTRIC AND GAS	)	
RATES, A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO DEPLOY	)	CASE NO.
ADVANCED METERING INFRASTRUCTURE,	)	2020-00350
APPROVAL OF CERTAIN REGULATORY AND	)	
ACCOUNTING TREATMENTS, AND	)	
ESTABLISHMENT OF A ONE-YEAR	)	
SURCREDIT	)	

ORDER

On October 6, 2021, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) (jointly, LG&E/KU) filed a joint motion requesting to schedule an informal conference with Commission Staff to discuss “the Commission’s transparency concern regarding” LG&E/KU’s proprietary modeling software, PROSYM.<sup>1</sup> LG&E/KU offered to provide a short presentation on PROSYM and modeling tools, and to review the modeling data provided in these matters. As a basis for their motion, LG&E/KU

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<sup>1</sup> LG&E/KU’s Joint Motion for Informal Conference (filed Oct. 6, 2021) at 1.

explained that an informal conference would allow for an open discussion of technical subject matter and facilitate communication between LG&E/KU, the Commission, and interested parties.

In the Order entered September 24, 2021, the Commission explained its concerns regarding the lack of transparency regarding LG&E/KU's modeling scenarios, especially the data inputs. In that Order, the Commission stated:

[T]he proprietary nature of the production cost model limits the Commission's ability to assess its reasonableness. The full range of LG&E/KU's assumptions, inputs, and outputs was inaccessible to other parties and to the Commission without several rounds of discovery. Additionally, parties and the Commission could not re-run the model with alternate inputs to explore variations on LG&E/KU's assumptions. This lack of transparency will likely become increasingly problematic as renewable energy penetrations increase and modeling assumptions become more complex and important.

For this reason, the Commission finds that, in future cases, including those updating LG&E/KU's IRP and QF rates, LG&E/KU should improve the transparency of their avoided energy and any other costs that are calculated using proprietary software by increasing access to the software, inputs, and assumptions relied upon. While the Commission will not at this time prescribe a method for doing so, LG&E/KU should submit, within 90 days of the entry of this Order, a filing that details how LG&E/KU will increase the transparency of their modeling to the Commission. At a minimum, LG&E/KU's plan should allow for one model re-run per intervening party and the Commission per proceeding, upon a party's request, and for the provision of inputs and assumptions to the models in native formats within the initial filing.

*(citations omitted).*

In ordering paragraph 9 of the September 24, 2021 Order, the Commission required LG&E/KU to submit a filing detailing how LG&E/KU will increase the transparency of the PROSYM modeling within 90 days of the date of entry of the Order.

The Commission notes that the issue of modeling processes and transparency has been raised outside of this proceeding. For example, in LG&E/KU's 2018 Integrated Resource Plan, LG&E/KU made a detailed presentation at an informal conference describing PROSYM modeling run processes and issues.<sup>2</sup>

Based upon a review of the motion and being otherwise sufficiently advised, the Commission finds that, instead of an informal conference with Commission Staff, that LG&E/KU should file a motion requesting clarification from the Commission to the extent the LG&E/KU requires additional clarification on this issue. The Commission appreciates LG&E/KU's desire for administrative efficiency regarding this issue and their expressed desire to fully comply with the Commission's Order. The September 24, 2021 Order expressed the Commission's specific concern regarding the lack of transparency related to LG&E/KU's modeling inputs and assumptions. Commission Staff has sufficient expertise and understanding of modeling systems based upon experience evaluating integrated resource plans that are developed using modeling software. Thus, a presentation of the technical issues of PROSYM does not appear to address the Commission's concern regarding transparency and what steps LG&E/KU will take to increase transparency of their modeling inputs and assumptions. The Commission concludes that the more efficient and effective use of resources is for LG&E/KU to file a motion stating with specificity the matters regarding transparency of modeling inputs and assumptions for which LG&E/KU requires additional clarification. For this reason, the

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<sup>2</sup> Case No. 2018-00348, *Electronic 2018 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company* (Ky. PSC Sept. 10, 2020), Informal Conference Memo; and (filed Sept. 14, 2020), LG&E/KU Letter Enclosing PPT Presentation from Informal Conference.

Commission finds that LG&E/KU's motion to schedule an informal conference should be denied.

IT IS THEREFORE ORDERED that LG&E/KU's motion to schedule an informal conference is denied.

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By the Commission

Commissioner Marianne Butler did not participate in the deliberations or decision concerning this case.



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

Case No. 2020-00349  
Case No. 2020-00350

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